

There were four causes for the unwillingness of the State banks to become national banks.

First: The apprehension that the national system might prove to be a repetition of the free-bank system of the West, which had been a disreputable failure.

Second: The opinion that in becoming national banks, and issuing notes secured by Government bonds, their interests would be so identified with the interests of the Government, their credit so dependent upon, so interwoven with, the public credit, that they would be ruined if the integrity of the Union should not be preserved.

Third : the danger of hostile legislation by Congress, or the annoyances to which they might be exposed by Congressional interference with their business for partisan purposes.

Fourth : The requirement, that in order to become national banks, they must relinquish the names to which they had become attached, and be known by numerals.

I had no great difficulty in satisfying the bankers with whom I had personal interviews or correspondence that three of these objections were unsubstantial. In answer to the first, I pointed out the important particulars in which the national system differed from the free-bank system of the West, in the requirement that the capitals of the national banks should be real, and fully paid up; that their circulation was to be secured by United States bonds, with ten per cent. margin ; that in case of the failure of a bank, its notes would be at once redeemable at the United States Treasury ; that all the banks would be subjected to frequent examinations by men appointed by the Treasury Department. In answer to the second, I took the ground that the interests of the State banks were already so involved with those of the Government, that the fate of the latter would be the fate of the former also ; that whether they remained State banks or became national, they would stand or fall with the Government. In answer to the third, I expressed the opinion that there was as little to fear from Congressional as from State legislation ; that if there was trouble to be apprehended in either direction, it would be in the control which the banks might have over Congress, rather than in annoying interference by Congress with their legitimate business. To the fourth I could make no reply. It seemed to me to be unreasonable that the State banks should be required, in order to be converted into national banks, to surrender the names that had been made honorable by the manner in which their business had been conducted, and accept for a name, a number.¹

¹ Men and Measures of Half a Century > 168, 169.